



Budget Unit: Medicaid

BU Number: 4130N20001, 4130N41001

Medicaid (Medical Assistance) is a joint federal/state-funded entitlement program that provides medical assistance to certain low-income individuals that are aged, blind, disabled, or pregnant, and to children or members of families with dependent children.

Created in 1965 by Title XIX of the Social Security Act, each state was given the freedom to design their own program by establishing eligibility standards; determining the type, scope, amount, and duration of services; setting service rates; and administering their own program. Because of this autonomy, programs tend to vary widely by state. In Iowa, Medicaid is managed by the Iowa Medicaid Enterprise, part of the Department of Human Services.

Funding for Medicaid is based on the Federal Matching Assistance Percentage (FMAP). Iowa's Medicaid Program is funded 62.85% by the federal government and 37.15% by the State. In FY 2010, the Program had an average monthly enrollment of 361,385, and the State spent \$719.2 million, in addition to approximately \$2.2 billion of federal funds.

Eligibility

Medicaid eligibility is determined not only by income level, but also by other criteria, such as citizenship, age, or condition, including pregnancy, disability, or blindness. For states to be eligible to receive federal matching funds, they are required to provide mandatory eligibility to certain groups. These include but are not limited to:

- Most families with children that receive federally assisted income maintenance payments.
- Recipients of Supplemental Security Income; infants born to Medicaid-eligible pregnant women.
- Children under the age of six and pregnant women with family income at or below 133.0% of the federal poverty level.
- Recipients of adoption assistance and foster care under Title IV-E of the Social Security Act.

States have also been given the latitude to expand Medicaid programs beyond the mandatory groups with federal approval and still receive federal matching funds. Iowa has chosen to expand coverage to children under the age of 21 and adults over the age of 65, individuals on a Home and Community-Based Waiver that would be eligible if in an institution, individuals needing breast or cervical cancer treatment, Medicaid for Employed People with Disabilities, and the Medically Needy Program.

One of the components of determining eligibility is citizenship and identity verification. To verify these, applicants are required to provide either a passport or a birth certificate, along with a government-issued identification document. If applicants are already receiving Supplemental Security Income (SSI), Medicare, Social Security Disability benefits, or for children in foster care and some subsidized adoption recipients, proof of citizenship is not required. States are required to provide services that are adequate in duration, amount, and scope. Services must be offered throughout the State and cannot vary the amount based on diagnosis or condition.

More Information

Budget Schedules and Related Documents

[Dept. of Human Services Budget Recommendations](#)

[Iowa Medicaid Enterprise](#)

Iowa General Assembly: <http://www.legis.iowa.gov/index.aspx>

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Services

States that participate in the Medicaid Program are also required to provide a minimum set of benefits (mandatory services) in order to receive federal matching funds. These services include:

- Inpatient and outpatient hospital services
- Physician services
- Medical and surgical dental services
- Nursing home care
- Home health care
- Family planning services and supplies
- Laboratory and x-ray services
- Early periodic screening, diagnosis, and treatment
- Other services

States have also been given the flexibility to provide additional services (optional services) to members. Iowa has chosen to provide prescription drugs; preventive dental services; chiropractic and podiatric services; durable medical equipment, such as wheelchairs, dentures, eye glasses, and prosthetics; physical, occupational, and speech therapy; hospice care; home and community-based waiver services; as well as a few other services.

American Recovery and Reinvestment Act (ARRA)

In February of 2009, the United States Congress approved and the President signed the [American Recovery and Reinvestment Act \(ARRA\) of 2009](#). As part of the Act, the federal government provided an increased FMAP rate for states for 27 months to help offset higher Medicaid costs in a weak economy. In August 2010, the provision providing Medicaid support was extended by six months, through the end of FY 2011, with a rate that phased down the federal share over the extension period. The increased rate shifted \$114.0 million dollars from the State to the federal government in FY 2009, \$223.6 million in FY 2010, and an estimated \$190.7 million in FY 2011.

As part of ARRA and the [Patient Protection and Affordable Care Act of 2010](#), states are now required to meet certain maintenance-of-effort (MOE) requirements for enrollment in their Medicaid Programs. This means that states must maintain the eligibility requirements that were in place July 1, 2008, and are not allowed to scale them down or eliminate categories entirely. If Iowa were to violate this MOE requirement, the State would forfeit all of its federal Medicaid funding, estimated to total \$2.3 billion dollars in FY 2011.

Patient Protection and Affordable Care Act

The federal Patient Protection and Affordable Care Act (PPACA) of 2010 has a number of provisions that will affect the Medicaid Program. The most notable change eliminates categorical eligibility and makes Medicaid available for everyone with income up to 133.0% of the federal poverty level (FPL). This provision goes into effect January 1, 2014. Legislators will have many decisions to make regarding the expansion, including the design of the Medicaid benefit for the new group, what to do with existing coverage groups with incomes in excess of 133.0% of the FPL, and building systems to meet the demand and new federal requirements.

Related Links and documents

The Legislative Services Agency publishes a monthly Medicaid forecast detailing the estimated funding need/surplus for the current and next fiscal years. This estimate can be accessed at: <http://www.legis.iowa.gov/LSAReports/medicaid.aspx>.

Related Statutes and Administrative Rules

Iowa Code Chapter [249A](#)

Iowa Administrative Code: [441 IAC](#) (chapters 75 through 92)